AFRICA REGIONAL PREPARATORY MEETING ON THE REVIEW OF THE IMPLEMENTATION OF THE BRUSSELS PROGRAMME OF ACTION

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United Nations Economic Commission for Africa
Office of the High Representative for Least Developed Countries, Landlocked Developing Countries and Small Island Developing States
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Preface

The period covered by the Brussels Programme of Action for the Least Developed Countries (LDCs) for the Decade 2001-2010 (BPoA) is coming to a close. In this context the General Assembly decided in resolution 63/227 to convene the Fourth United Nations Conference on the Least Developed Countries. As part of the preparations for the Fourth Conference, the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, together with ECA, is convening an African regional preparatory meeting to review the implementation of the BPoA by African LDCs and their development partners.

ECA has prepared this preparatory regional review, which monitors and analyses regional progress in fulfilling the commitments, goals and targets set out in the BPoA, supported by country-level reports. This is an effort to identify best practices and lessons learnt as well as identifying constraints and opportunities arising in fulfilling the BPoA commitments. This report, while reviewing progress towards the BPoA commitments, goals and targets, will provide for the articulation of an African perspective concerning road the way forward.

This report contains a detailed analysis of progress by African LDCs in fulfilling the seven commitments, providing data from national country reports where available.

Progress at a glance include:

- Economic growth has reached the target of 7 per cent for a number of years. The economic growth registered in African LDCs during the period 2004-2008 was above the 7 per cent targeted; there was not, however, a commensurate reduction in poverty levels;

- Some progress in building institutional capacity has been observed in some areas. For example, primary school enrolment has increased, as has gender parity in primary school enrolment over the period under review. On the other hand, progress in water and sanitation and health has been slow, and in some cases negative;

- There has been some slight progress towards better governance in the period under review. The moderate proliferation of political parties augurs well for African LDCs. However public service delivery remains rather weak. In addition, political instability and conflict are a distinguishing characteristic of African LDCs;

- Trade by African LDCs has largely remained highly concentrated in primary commodities and exports. A lack of diversification has left unresolved their vulnerability to exogenous shocks. Poor market access has remained a serious impediment not only to current exports from African LDCs but, equally importantly, to diversification of the economy;
In the latter half of the BPoA decade, the global financial and economic crisis had a negative impact on the gains made so far. The drop in commodity prices and the resultant decrease in export revenues nullified some of the positive trends registered. In addition, the negative effects of climate change that are being felt currently are expected to hamper agricultural production seriously and cripple health systems in African LDCs. This sends an urgent clarion call for action to reduce the vulnerability of these countries; and

Flows of official development assistance (ODA) have not reached the volumes pledged. Furthermore, the sectoral distribution of such assistance has channelled funds towards unproductive sectors, rendering the African LDCs unable to invest in productive capacity. This has been exacerbated by the large proportion of aid flows that are allocated to humanitarian assistance in post-conflict situations.
Introduction

1. Least developed countries (LDCs) are defined by the United Nations as countries suffering from severe structural handicaps to growth, particularly low-status human resources and high economic vulnerability. This United Nations category of countries dates back to 1971, when the General Assembly confirmed the importance of identifying LDCs (resolution 2724(XXV) and devoted a section of the International Development Strategy to special measures for the (resolution 2626(XXV). There were a number of dedicated United Nations Conferences on LDCs, the most recent being in 2001. The third such conference was held in Brussels at the invitation of the European Union and adopted a new programme of action for the accelerated development of this group of countries – the Brussels Programme of Action (BPoA), spanning the decade 2001-2010. An innovative feature of the Programme was the adoption of a number of quantifiable development commitments, goals and indicators. In order to help assess progress, the BPoA contains 7 commitments, 30 goals and 63 indicators. It followed close on the heels of the adoption of the Millennium Development Goals (MDGs). The targets of the MDGs and those of the BPoA are similar but not identical: both initiatives focus on halving poverty and improving the health, education and nutritional status of the citizenry, yet they differ largely in terms of targets and indicators, with some of the commitments not having quantified targets.

2. An input into the BPoA at the regional level was the Economic Commission for Africa (ECA) road map for African LDCs, adopted by African Ministers of Finance through ECA’s highest statutory organ when it met in Addis Ababa in 2000. The ECA-sponsored “Global Compact with Africa” was the platform that contributed significantly to the formulation and political endorsement of the BPoA. In Africa there are 33 LDCs representing 60 per cent of the global population of LDCs and 63 per cent of the population of sub-Saharan Africa. African LDCs constitute 66 per cent of the total global number of LDCs.

3. The BPoA consists of seven commitments that outline the key issues to be tackled by LDCs with the support of the international community. These are: (a) Fostering a people-centred policy framework; (b) Promoting good governance at national and international levels; (c) Building human and institutional capacities; (d) Building productive capacities to make globalization work for LDCs; (e) Enhancing the role of trade in development; (f) Reducing vulnerability and protecting the environment; and (g) Mobilizing financial resources.

**Commitment 1: Fostering a people-centred policy framework**

4. Commitment 1 highlights the need to develop a policy framework that creates an overall enabling environment for national and international actions to accelerate and sustain economic growth and development and eradicate poverty (BPoA, para. 22). Goal 1 requires a sustained gross domestic product (GDP) growth rate of at least 7 per cent, the threshold growth rate necessary to reduce poverty as identified by ECA (1999), and an increase in the ratio of investment to GDP to 25 per cent.

5. In the period 2000-2010, general macroeconomic conditions have improved in most African LDCs. Economic growth in African LDCs was on average 6.0 per cent in 2001 and 4.8 per cent in
2002, dropping to 4.6 per cent in 2003 before rising above the threshold figure of 7 per cent in 2004. This rise in economic growth has largely been driven by higher commodity prices, improved macroeconomic stability, better agricultural performance and improved political stability (ECA 2005a). This relatively strong economic growth trend of close to the threshold of 7 per cent continued until the end of 2007, but, as can be clearly seen, there was a drop in 2008 caused by the second-round effects of the global crisis. Although it is expected that demand for commodities will pick up in 2010, the growth rate is not expected to reach the threshold mark, and the poverty-reducing effect of economic growth will therefore be limited (see figure 1).

Figure 1. Real GDP growth rates in Africa’s LDC

![Real GDP growth rates in Africa’s LDC](image_url)

**Source:** ECA computation based on data from the United Nations Department of Economic and Social Affairs, November 2009.

6. The global economic and financial downturn that started in 2007 has negatively affected the African LDCs, but the first-round effects have been limited. The lack of integration of financial markets in African LDCs screened them from the global financial downturn. The delayed second-round effects depressed economic growth in African LDCs. This decrease was partly caused by lower international commodity prices and hence decreased export revenues. African LDCs’ revenues from exports of primary commodities increased during the period under review from 59 to 92 per cent of total export revenues, underlining their growing primary commodity dependence. The global crisis had a significant impact on losses incurred (UNCTAD 2008). This has seriously compromised poverty reduction policies and movement towards the internationally agreed goals, including the BPoA.

7. A contributory reason why improved economic performance has not been transformed into poverty reduction has been that economic growth in African LDCs was driven by the expansion of exports resulting from higher commodity prices. This type of dynamic growth is often concentrated in externally oriented enclaves with few or no linkages to the rest of the economy. Capital-intensive natural resource extraction, while contributing to economic performance, has limited impact on employment creation and poverty reduction. This has resulted in integration into the world economy, but has exposed the vulnerability of African LDCs to exogenous factors. Domestic savings remain
low and external financial flows, mainly directed towards building institutional capacity, do not contribute to developing productive capacity, diversify African LDC economies or strengthen linkages.

8. This BPoA commitment also sets a target for public investment of 25 per cent of GDP to sustain growth rates at levels at which growth in catalytic sectors, including health, education and infrastructure, and hence substantial poverty reduction, can be achieved. Gross fixed capital formation in African LDCs rose slightly from an average of 18.4 per cent in 2001 to 19.6 per cent in 2006, before declining to 18.3 per cent in 2007. However, a few LDCs have managed to raise their investment-to-GDP ratios to over 25 per cent over the last four years. Growth in the investment/GDP ratio has been more impressive for Equatorial Guinea, Lesotho and Mauritania, averaging nearly 46.2 per cent, 36.1 per cent and 33.3 per cent respectively over the period 2003-2007. Other countries that met the BPoA investment target during the period 2003-2007 were Chad (27.6 per cent), Djibouti (25 per cent) and Senegal (26.5) per cent.

9. The subregional breakdown in figure 2 exhibits a number of interesting features pertaining to gross fixed capital formation. There is a general tendency for all subregions to increase their gross capital formation over the period under consideration. The amount allocated to gross investment, while rising, remains rather low below the 25 per cent target — given the infrastructure needs and the public interventions that are required to reach the BPoA targets.

**Figure 2. Real gross fixed investment in Africa’s LDCs, by subregion**

<table>
<thead>
<tr>
<th>Subregion</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
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<td>7.6</td>
<td>7.9</td>
<td>8.9</td>
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<td>10.2</td>
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<td>6.2</td>
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<td>6.3</td>
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<td>7.5</td>
<td>8.2</td>
<td>8.6</td>
<td>9.2</td>
</tr>
<tr>
<td>Southern Africa</td>
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<td>3.6</td>
<td>3.7</td>
<td>4.8</td>
<td>4.2</td>
<td>4.6</td>
<td>3.6</td>
<td>4.1</td>
<td>5.2</td>
<td>5</td>
<td>5.3</td>
</tr>
</tbody>
</table>

**Source:** EIU online database, January 2010.
**Note:** data for Guinea-Bissau, Liberia and Somalia are unavailable.

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a/ The subregion of North Africa as defined by ECA contains two LDCs, Mauritania and the Sudan.
10. Poor data on poverty do not permit an updated analysis, but there was a marginal decrease in poverty levels from 44.6 per cent in 1990 to 36 per cent in 2005. Furthermore, although the incidence of people living under $1 a day declined, the proportion of people living under $2 a day remained constant (UNCTAD 2008). The proportion of food-insecure people in Africa also declined, from 34 per cent in the period 1990-1992 to 31 per cent in the period 2001-2003.

11. An important feature of African LDCs is that the relationship between economic growth and poverty is mediated by income inequality and its change during the growth process. High initial income inequality is such that the impact of growth on poverty is strongly attenuated by uneven income distribution. The type and character of economic growth in African LDCs have accentuated income inequality and, combined with unequal access to social services, have further marginalized large swaths of the population of the African LDCs.

Commitment 2: Promoting good governance at national and international levels

12. Recognizing the importance of institutions in economic development, African LDCs have taken measures to promote democracy and strengthen the quality of governance. Indeed, 19 out of the 29 countries that have joined the African Peer Review Mechanism set up under the New Partnership for Africa’s Development (NEPAD) are LDCs. Some including Benin, Burkina Faso, Mozambique, Lesotho, Rwanda and the United Republic of Tanzania have completed all the stages of the mechanism, and are implementing national programmes of action aimed at addressing the weaknesses in governance identified in their national self-assessment reports. The participation by a large number of African LDCs signals the importance which they attach to institutional reform.

13. There has been marginal progress on governance in African LDCs. The areas of improvement have been seen in a continuing liberalization of African politics, with multiparty politics and scheduled elections. However adherence to constitutionalism and the rule of law remains a major challenge. An important measure of improved governance is public service delivery, and the provision of social services is far from satisfactory. Access to social services remains inadequate, in the perception of citizens of African LDC, and this unmet need partly contributes to political instability in those countries.

14. According to a survey conducted in 2009 as a follow-up to a baseline study in 2005, there has also been a marginal improvement (1 per cent) in the effectiveness of the legislative, executive and judiciary. Corruption remains a major challenge in Africa. The corruption control index established in ECA’s African Governance Report 2009 fell three percentage points between 2005 and 2009, and demonstrates that corruption remains a severe impediment to better governance. Besides the major institutions of government, non-State institutions and the private sector are not immune to corruption. There have been some international initiatives like the Extractive Industries Transparency Initiative which has emerged as an important international framework for improving governance in the management of natural resources. A large number of African LDCs have

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2 The ECA publication African Governance Report 2009 combines three research instruments — a national opinion panel, a sample household survey and desk research — and covers 35 African countries. The first report in 2005 covered 27 countries, 70 per cent of which are LDCs.
subscribed to the initiative, including the Central African Republic, the Democratic Republic of the Congo, Equatorial Guinea, Guinea, Liberia, Madagascar, Mali, Mauritania, the Niger, Sao Tomé and the Principe and Sierra Leone. However, only Liberia, Madagascar and Central African Republic are considered candidate countries for the Extractive Industries Transparency Initiative, and no African LDC is compliant yet. Furthermore, though such initiatives as the Kimberly Process and the Publish What You Pay campaign have improved transparency and accountability in the sector, corruption remains one of the key challenges in poverty reduction and achievement of the BPoA commitments (UNECA 2009a).

**Commitment 3: Building human and institutional capacities**

15. Commitment 3 is aimed at building human and institutional capacity conducive to enhanced well-being that significantly contributes to increased productivity and long-term growth.

16. Inequitable access to public services is a distinguishing characteristic of African LDCs and cuts across education, health and water and sanitation services. Progress towards the BPoA targets of achieving primary education for all, reducing maternal and under-five mortality and reversing HIV prevalence is largely skewed by income gradients, location and gender. Inequitable access to health, sanitation and water services and to a lesser degree education excludes large swathes of the population in African LDCs from actively participating in the economic life of the country. This produces further exclusion and exacerbates inequality within African LDCs. This state of affairs pulls down averages computed in monitoring processes. In addition, the magnitude of excluded groups in African LDCs means that the average provides policymakers with insufficient information for interventions.

**Education**

17. The picture in African LDCs as far as primary education is concerned is mixed. Primary enrolment figures have by and large increased significantly since 2001, demonstrating that access is improving, though in most African LDCs providing free primary schooling remains a serious challenge. Enrolment rates in African LDCs rose on average by nearly 20 percentage points over the period under review, from 51 per cent in 2001 to 70 per cent. However providing access for poor households and children living in rural areas remains a serious challenge. Indeed, free primary schooling covering uniforms, textbooks and tuition has not been introduced in all African LDCs. However, a national concerted effort to increase primary enrolment, supported by development partners, yields accelerated improvements (See box 1).

**Box 1: Zambia: A successful drive to enrolment**

Zambia’s success in accelerating towards high enrolment figures can be attributed to the coordination of national policies focused on an identified target. Coherent and directed policies yield results. The Government of Zambia report, using data from MDG progress reports’, records a significant increase in primary school enrolment from 78 per cent in 2005 to 100 per cent in 2008. This was achieved through a coordinated policy, supported by the international community, of free basic education, community school education, re-entry policies, adult literacy and a school feeding programme.


*Source:* Zambia Progress Report on BPoA for LDCs (what year?)
18. The improvement in enrolment has not been accompanied by commensurate progress in completion rates, which remained rather low at 60 per cent during the period under review. The low completion rates reflect a combination of factors — early marriage, the high opportunity cost of children’s education for severely resource-constrained families, poor schooling conditions (no classrooms etc.), poor school facilities especially for girls, a lack of female teachers, and of course poor-quality instruction. The teacher-pupil ratio, a proxy often used for assessing quality, has risen above 40 as a result of increases in enrolment and a lag in the production of teachers. In addition, African LDCs have the highest number of primary schoolchildren within secondary schooling age. This places pressure on over-age students, particularly in resource-constrained households, to exit the educational system and enter the labour market. The completion rate shows a bias towards boys. In fact, the male/female ratio in completion rates ranges from 2.3 in Malawi to 0.8 in Madagascar. The production of qualified teachers is an imperative if primary school completion rates are a clear target, and qualified teachers should be supplied as enrolment increases (see box 2).

Box 2: Tackling teacher supply in the United Republic of Tanzania

There was a substantial increase of 58 per cent in primary school enrolment between 2001 and 2008. Enrolment rates were raised through the construction of new teacher-training institutions. The 40 teacher-training colleges in 2001 increased by over 20 per cent to 67 in 2008, increasing teacher supply by 30 per cent. In addition, the Government prepared a bridging course to enable vocational school students to attend higher education institutions, including teacher-training institutions.

Source: The United Republic of Tanzania country report 2009.

19. The adult literacy rate has improved in African LDCs, but BPoA target of a 50 per cent increase is still far from being met. The high net enrolment will drive improvements in future adult literacy but currently adult literacy, improvement remains rather low.

Gender

20. There has been a general improvement in gender parity in primary education enrolment and in adult literacy, but in secondary and tertiary education the progress has been slow. In terms of strict adherence to the commitment on governance and the status of women’s empowerment as gauged by the number of seats in the lower house of parliament, African LDCs have made significant progress. In 2008 the highest achievers of gender parity in terms of seats held in national parliaments in African LDCs were Rwanda (48.8 per cent), Mozambique (34.8 per cent), Uganda (30.7 per cent), Burundi (30.5 per cent) and the United Republic of Tanzania (30.4 per cent). In addition, between 2001 and 2008 there was a decline in the percentage of women parliamentarians in only 3 out of the 33 African LDCs.

Health

21. The health status of the population in African LDCs shows some progress in some of the areas under consideration during the period under review.
22. Infant mortality in African LDCs, which represents a large percentage of under-five mortality rates, decreased marginally over the period under review. The average dropped marginally from 104.4 per 1,000 live births in 2000 to 101.7 in 2003, but progress has accelerated over the period 2005-2007 (latest figures). For example, in Ethiopia, Malawi and the Niger infant mortality rates fell from 143, 124 and 122 per 1,000 live births to 83, 71 and 77 respectively between 2005 and 2007 (UNCTAD 2008). This has not had an effect on under-five mortality, which remained stubbornly high at approximately 200 per 1,000 live births over the same period. However, the rural-urban gap and the income gradients in under-five mortality remain serious challenges. The rural-urban ratio for under-five mortality ranges from 1.7 in the Niger to 1.2 in Chad, whilst the high/low income quintile ratio ranges from 2.9 in Madagascar to 0.9 in Chad.

23. Monitoring of progress in maternal mortality is seriously hampered by the lack of data. The 2005 estimate of 900 deaths per 100,000 live births is extremely high. A major explanation for the high maternal mortality is lack of access to adequate medical care and its unfair distribution. Furthermore, measuring maternal mortality poses a serious methodological problem, as vital statistics are not routinely recorded, and when they are, accurate attribution of death to pregnancy-related issues is often difficult (UNECA 2009).

24. The evidence of delivery assistance by health professionals at birth provided in an ECA publication is highly skewed. Inequitable provision contributes to the slow progress noted. Stratification of the delivery assistance indicator by wealth reveals striking evidence of inequities. Women in the richest wealth quintile have greater access to delivery assistance by a health professional than those in poorer groups. For example, Chad and Ethiopia, which have the lowest figures overall of women receiving delivery assistance from a health professional, also show wide disparities between the richest and the poorest: less than 3 per cent of the poorest wealth quintile are able to access delivery assistance from a health professional, compared with almost 50 per cent and 60 per cent of those from the richest group in Chad and Ethiopia respectively (see figure 4).3

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3 ECA, “Mainstreaming health equity in the development agenda” — a study to empirically identify the main sources of health inequities in selected African countries using bivariate analysis and data from demographic household surveys. (UNECA 2008).
25. As is clearly evident, the provision of delivery assistance is highly inequitable, as are contraceptive use and prenatal care. Vaccination on the other hand, thanks to universal campaigns and resource support from the international community, is provided equitably. This brings to the fore the importance of equity considerations in the delivery of health, and to a lesser degree education.

26. The downward trend in HIV prevalence due to improvements in access to treatment and behavioural change continues in African LDCs. Although few data are available concerning comprehensive knowledge of HIV transmission, there is a tendency for African LDCs with higher prevalence rates to have higher comprehensive knowledge. Access to anti-retroviral therapy has improved to cover approximately 30 per cent of patients with HIV—still low coverage, but a vast improvement since 2001 (UNECA 2009).
27. Malaria still accounts for a large number of deaths in children under five. There has been significant progress in preventing the transmission of malaria through the use of insecticide-treated nets, especially among vulnerable groups — children under five and pregnant women. Out of 20 countries reporting, 16 have at least trebled their coverage, and in the period 2000 to 2006. The Gambia increased its coverage from 15 to 49 per cent and Guinea-Bissau from 7 to 39 per cent. In the United Republic of Tanzania, an interesting case, reduced-cost nets were introduced in 2004 alongside awareness campaigns.

28. Data on the proportion of tuberculosis cases detected and cured are dependent on notification to World Health Organization, and given the weak health statistics in African LDCs, curing the disease becomes challenging. African LDCs continue to record high tuberculosis prevalence and mortality rates. Detection does not distinguish between HIV patients and others, and given the relatively high prevalence rate of HIV, this drives the increase in tuberculosis. There has been a slight fall in mortality rates, particularly in East and Central Africa, demonstrating some success in the treatment protocol followed. However, the compliance with Directly Observed Treatment, Short-Course Strategy may be jeopardized by the need for frequent visits to health clinics, and, unlike in the case of HIV, it does not provide for privacy of data and may expose patients to stigma and interruption of the therapy.

Water and sanitation

29. The provision of water and sanitation facilities follows the same pattern as health and to a smaller extent education. This again brings to the fore the fact that when public services have a cost attached, whether through cost-sharing or any other arrangement, the inequities in access help to slow progress towards the BPoA commitments, goals and targets.

30. Access to water remains a predominantly rural problem. Progress has been registered: for example, Ethiopia improved access from less than 40 per cent of the population in 2000 to over 55 per cent in 2006 and Malawi improved access from 60 to nearly 80 percent over the same period. There has been substantial progress in assuring water supply in urban areas, but this is offset by much slower progress in rural areas.

31. An example of this improvement over time can be exemplified by the following figures. The improvement has been significant in Mali, with an increase in equitable distribution between 2001 and 2006, while Zambia regressed in equity over the period 2001 to 2007, when the country was facing a serious contraction of its economy.\(^4\)

\(^4\) ECA conducted a study on basic access to services in African LDCs that focused on water and sanitation. This 11 — country study assessed the degree of inequality in access to water and sanitation using data from of demographic household surveys. A dynamic picture in unequal access is observed using two rounds of demographic household surveys in the countries under consideration.
Figure 4: Access to safe drinking water services: concentration curves over time

Source: ECA calculation using data from demographic household surveys.

32. Similar figures apply to the situation with regard to the provision of improved sanitation. Rural areas are still at a disadvantage where sanitation services are concerned. As can be observed from figure 5, Benin, Madagascar, Rwanda and Uganda have made some progress on the other hand, countries like Burkina Faso, Chad, Ethiopia, Mali and Zambia show some deterioration. Another observation from figure 5 is that the gap in sanitation services between rural and urban areas remains high, much higher than that for water delivery. This is exacerbated by a deteriorating situation in some countries. Overall, inequalities in access to sanitation services depending on the place of residence are alarming. On average a household in an urban area is around seven times more likely to have access to improved sanitation services than a household situated in a rural area.
**Figure 5.** Access to improved sanitation services, urban and rural areas

<table>
<thead>
<tr>
<th>Country</th>
<th>Year</th>
<th>Urban (%)</th>
<th>Rural (%)</th>
<th>Urban - Rural Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benin</td>
<td>2007</td>
<td>30</td>
<td>20</td>
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</tr>
<tr>
<td>Burkina Faso</td>
<td>2008</td>
<td>25</td>
<td>15</td>
<td>1.7</td>
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<td>1.3</td>
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<td>2007</td>
<td>60</td>
<td>50</td>
<td>1.2</td>
</tr>
</tbody>
</table>

Source: ECA calculations using data from demographic household surveys.

33. Progress towards better water and sanitation will have spillover effects on other human capital targets. Higher life expectancy and lower infant mortality rates\(^5\) came about as a result of better provision of water supply and sanitation. Moreover, a recent poll conducted by the *British Medical Journal* voted the provision of “clean water and sewage disposal” as the greatest advance in medicine in the last 150 years, outscoring such intellectual achievements as antibiotics, vaccines and the discovery of the structure of DNA. Poor access to water supply and sanitation also has significant effects in terms of school attendance (Nokes and Bundy 1993) and the attainment of education goals (DFID 2007). Furthermore, social development is more closely linked to access to water and sanitation than other development drivers, including spending on health or education, or access to energy services.

34. The adverse effects of climate change will exacerbate this slow and inequitable progress. According to the Intergovernmental Panel on Climate Change, the provision of safe drinking water will be significantly affected by climate change in coming years, as freshwater resources are highly vulnerable. Climate change has the potential to impose additional pressure on water availability and accessibility, especially in African LDCs, which clearly underlines the need to ensure sustainable and equal access to water services in order to attain internationally agreed development goals.

| Commitment 4: Building productive capacities to make globalization work for LDCs

35. The BPoA also seeks to tackle the various structural and supply-side constraints to economic growth and sustainable development. In particular, Commitment 4 focuses on such areas as expansion of physical infrastructure (roads, railways, airports, ports, information technology and communications) and technology adoption and transfer. Overall, African LDCs have been highly integrated in the world economy but unable to derive substantial benefits from globalization. This is reflected in the level of exports of goods and services as a percentage of GDP, which averages over

\(^5\) According to UNICEF (2006), in countries with high infant mortality rates most African LDCs, the lack of access to improved water supply and sanitation kills more children than pneumonia, malaria and HIV/AIDS combined. Diarrhoeal disease related to water, sanitation and hygiene is one of the leading causes of morbidity and mortality in developing countries (Prüss et al. 2002).
26 per cent compared to the 22.0 per cent for the global LDC group and 32.6 per cent for sub-Saharan Africa. LDCs’ exports are still concentrated in a narrow range of primary commodities which experience volatile terms of trade. Data from the World Trade Organization show that there was limited progress in diversification over the period 2000-2006. In fact, the oil-producing African LDCs are becoming increasingly more concentrated. For example, Angola’s concentration index increased from 0.88 in 2000 to 0.96 in 2006. Other oil-producing African LDCs, including Equatorial Guinea and the Sudan, have also experienced increases in their concentration ratios, rising to 0.91 and 0.87 in 2006 from 0.81 and 0.61 in 2000 respectively. However, there has been some diversification of late in some African LDCs. Several African LDCs, including Burkina Faso, Ethiopia, Lesotho and Uganda are diversifying, albeit slowly. Ethiopia’s diversification index rose from 0.57 in 2000 to 0.71 in 2006, and Lesotho from 0.56 in 2000 to 0.65 in 2006.

36. An important aspect of diversification is that it leads to less growth volatility, a critical aspect in African LDCs. Indeed, according to a study carried out by the United Nations Conference on Trade and Development (UNCTAD) in 2004 the standard deviations for oil, mineral and agricultural exports were 4.7 per cent, 3.1 per cent and 2.3 per cent respectively, while manufactures had a standard deviation of only 0.9 per cent.

37. The supply-side constraints remain daunting. The New Economic Partnership for African Development, the overarching plan of action for development in Africa, has recognized that supply-side constraints and infrastructure are key to the continent’s development. Physical infrastructure is essential for increased intra-African trade and integration into the global economy. Two thirds of all African LDCs lack adequate access to roads, ports and other transport networks. Such inadequacy has implications in particular for landlocked LDCs. The current road density in Africa is estimated at 6.84km/100km², indicating the inadequacy of the region’s network compared to Latin America (12km/100km²) and Asia (18km/100km²). Moreover, only 29.7 per cent of the region’s total 2,064,613 kilometre road network is paved. The fact that three railway gauges — 1,067m, 1,000m, and 1,453m — predominate in Africa imposes severe limitations on the physical integration of the railway networks in various subregions. In addition, the quality of infrastructure remains a major problem, as most roads are dilapidated for lack of proper maintenance. The problem is more pronounced in landlocked African LDCs, as they incur high transaction costs not only from their own poor infrastructure but also from that of their transit neighbours. As a result, keeping distance constant, transport costs for landlocked LDCs are on average US$2,000 higher than for non-landlocked countries.

38. Transport services are inefficient, a fact reflected in high vehicle prices, poor market information, the presence of transport cartels, poor knowledge of operating costs, poor operating practices, poor routine maintenance and unnecessary fast driving, all of which lead to high vehicle operating costs and low vehicle utilization in Africa. This means that exports from landlocked African LDCs face a transport/insurance cost of 32 per cent of their trade volume, against 13 per cent for all landlocked countries.

39. The role of infrastructure in the attainment of the BPoA goals is vital. Transport has a significant role to play in getting the solutions effectively into the hands of the poor, through its part

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6 Volatility is proxied by the standard deviation of GDP growth for the subgroup over the specified period; a higher value reflects higher volatility in economic growth
in ensuring the reliable availability of supplies such as drugs, vaccines, bed nets and spare parts for water systems, as well as basic health services. Local transport infrastructure and services also affect the extent to which people can take advantage of such services, the scale and costs of the network the health authorities have to maintain, and the degree to which patients can exercise choice and hence stimulate quality of service provision. Recent surveys in a number of African LDCs show that typically around 60 per cent of households in the bottom two income quintiles find the distance to health services a major obstacle to access. Road improvement programmes have sometimes been able to improve access, particularly for poorer people.

40. One dimension of transport service that requires particular attention in the effort to reduce maternal and child mortality is effective provision for a speedy response to medical emergencies such as major obstetric problems or cerebral malaria, usually requiring urgent hospital treatment. Intermediate-technology vehicles, developed to suit local conditions, can sometimes be very useful in meeting these needs.

41. A more positive development can be demonstrated in trends in information and communication technologies – telephone mainlines, mobile phones and Internet use. In almost all African LDCs there are more mobile than fixed lines, and today over 40 per cent of the African population has a mobile phone. Internet use has also grown significantly, although not as rapidly as mobile telephony, reflecting the poor electricity supply infrastructure and low adult literacy rates (ECA 2009a).

42. Efforts to enhance the role of trade are underpinned by the axiom that trade is an engine of growth and therefore a channel for the development and poverty reduction in African LDCs. LDCs’ exports have traditionally benefited from a number of preferential trading schemes, including the European Union Everything But Arms initiative as well as the US African Growth and Opportunity Act, which grants duty preferences to African exports into the United States market. Other developed countries such as Canada and Japan also accord preferential treatment to African LDCs.

43. There is an integration of African LDCs trade within world trade flows, as was said above. Exports from African LDCs have grown significantly since the adoption of the BPoA. Growth in African LDCs’ merchandise exports rose from -1.3 per cent in 2001 to 19.8 per cent in 2007. This trend continued in 2007 and 2008, notwithstanding the economic and financial crisis, demonstrating weak integration in the international financial system and the lag effect on the real economy of African LDCs in 2009 and beyond. Agriculture, mining products and fuel still constitute over 70 per cent of exports. It is interesting to note that, since African LDCs’ export performance has been more robust than for other African countries (ECA 2009), trade in services has reached US$ 174 billion, more than half of which was imports.

44. At the regional level, African LDCs are also vigorously pursuing regional integration agenda so as to participate effectively in the globalization process. This is viewed as a conduit to achieve economies of scale and contribute to sustainable development and poverty reduction. The success of
such an agenda depends critically on convergent macroeconomic policies. The empirical evidence so far shows some convergence in some of the regional economic communities on fiscal policy variables, but very little on per capita incomes. Thus the participation of African LDCs within the regional integration agenda needs to overcome disparities in per capita income in order to attain the full benefits of integration (ECA 2008a).

45. At the international level, the Doha Round of world trade negotiations made no significant breakthroughs in 2009, and the drop in global trade of 10 per cent in 2009 has not derailed the ongoing negotiations. Underpinning African LDCs’ export growth in recent years has been an increase in the prices of key commodities exported by LDCs. In terms of the specific trade-related facilities enjoyed by African LDCs, preferential market access and special and differential treatment related to the World Trade Organization (WTO) obligations. There are 25 African LDCs currently members of the World Trade Organization, and several provisions in favour of LDCs are in force, in agriculture, trade-related investment measures, subsidies and countervailing measures, import licensing procedures and technical barriers to trade. In addition, an important initiative is the Integrated Framework for Trade-related Technical Assistance to LDCs. In 2007 a total of US$170 million was pledged to the trust fund under this initiative, and there are high expectations that the full funding figure of US$250 million for 2007-2011 will be met.

46. While there are scant data on the utilization by African LDCs of the various technical aid modalities available, the trade negotiations currently ongoing have indicated a number of areas. One is the priority African LDCs give to agriculture and manufactured goods rather than services, another the need for better market access for their products in developed countries. Indeed, in October 2009 the Trade Ministers of African LDCs called for “quick results” on duty free and quota-free market access, preferential treatment for LDCs’ services sectors and an ambitious and rapid elimination of cotton subsidies.

**Commitment 6: Reducing vulnerability and protecting the environment**

47. No quantifiable goals and targets are set for the reduction of vulnerability and the protection of the environment. The available productive assets, particularly for the poor in African LDCs, are few and meagre, increasing vulnerability to shocks.

48. A continued rise in greenhouse emissions is another reminder of the urgency of the climate change issue. Production of carbon dioxide in African LDCs stood at approximately 0.6 billion tons in 2006, and per capita emissions are as low as 0.8 tons. On the other hand, the strong partnerships and sound national policies in African LDCs led to significant progress in phasing out ozone-depleting substances. The reduction in deforestation has continued to some extent in African LDCs. For example, in 2007 the Democratic Republic of the Congo established one of the largest protected rainforests in the world, and the rate of deforestation has diminished slightly over the period 1990-2000 and 2000-2005.
49. Vulnerability to environmental degradation and the depletion of the productive capacities of the poor is exacerbated by climate change. African LDCs do not substantially contribute to climate change, yet they are negatively impacted by it. The reliance of the poor on local ecological resources, coupled with existing stresses on their health and well-being and their limited financial, institutional and human resources, leave them most vulnerable and least able to adapt to the impacts of climate change.

50. The economies of most African LDCs rely heavily on climate-sensitive sectors such as agriculture, fisheries, forestry, other natural resources and tourism. The impacts are particularly high for the poor, who tend to live in environments that are most susceptible to droughts, floods and other extreme weather events. Climate change induces variations in agricultural production through droughts, floods and extreme weather conditions. It will also threaten coastal cities, where a large percentage of the population of African LDCs lives, and exacerbate health conditions through shifts in the vector-borne transmission of malaria and bilharzias, for example. This depletion of natural resources caused by climate change could result in conflict, an unfortunate distinguishing characteristic of some African LDCs. A recent study indicates that climate change, if not resolved soon, could increase the likelihood of civil conflict in Africa by 54 per cent in the coming two decades (UC Berkeley press release, 23 November 2009).

51. In the mobilization of resources for their development African LDCs have made considerable efforts in mobilizing domestic sources for development. Some of the measures undertaken included promoting sound macroeconomic policies, strengthening good governance, reforming revenue collection institutions, creating a conducive environment for private-sector development as well as ensuring greater transparency and efficiency in resource mobilization and utilization. Indeed, it is worth noting that the increase in revenue mobilization has been observed across a large number of African LDCs, including resource-rich and non-resource-rich countries. In terms of the distribution of government revenue, the number of African LDCs with government revenue in excess of 20 per cent of GDP increased from 24 in 2003 to 28 in 2007. The increased revenue through improved tax regimes complemented the substantial increase in government revenue due to increases in commodity prices.

52. Despite the increase in tax revenue in the first eight years of the implementation of the BPoA, African LDCs still face a huge savings-investment gap which must be augmented by external resources, including ODA, foreign direct investment (FDI), external debt relief and remittances.

53. Flows of ODA from the international community have been intermittent and unpredictable. The flows since 2001 can be seen in Figure 6. While there has been a general increase since 2001, the period 2003-2006 was practically stagnant. The increase, whilst substantial between 2006 and 2007, does still portray the problem of the quality of aid.
54. While ODA to African LDCs has increased, donors’ aid effort (expressed in terms of ODA in relation to gross national income (GNI)) has been disappointing. In the BPoA, donors committed to reaching a target of 0.20 per cent ODA/GNI. However, as a percentage of the GNI of the member of the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD), ODA to African LDCs increased marginally from 0.07 per cent in 2005 to 0.08 per cent in 2007. The substantial increase has paid for emergency humanitarian assistance and debt relief. It is important to note that Belgium, Denmark, Ireland, Luxembourg, Norway, Sweden and the United Kingdom have met the BPoA target (UNCTAD 2008). This reduces the amount available for LDCs to finance development programmes. Furthermore, ODA allocating to social sectors at the expense of productive activities is sub-optimal, especially in view of the importance of productive capacity development for sustained economic growth and poverty reduction. This calls for a rebalancing of aid allocation between productive and social sectors. Furthermore, the second-round effects of the global economic crisis and the food crisis are likely to decrease aid flows and demand for African LDCs’ commodities.

55. The Development Assistance Committee continues to be largest source of ODA for African LDCs. Bilateral donors outside the Committee are becoming an increasingly important source of external support for African LDCs, with China and India being by far the largest such donors. The impact of their engagement in Africa has been particularly evident in the development of much-needed infrastructure, including roads and power infrastructure. South-South investment flows are contributing to the development of quality infrastructure, which is critical for sustained economic growth and development.
56. ODA continues to be an important source of development finance for LDCs. It has had limited impact on the development of productive capacities in LDCs, which is crucial if LDCs are to make substantial progress towards reducing poverty and meeting the MDGs. A sectoral breakdown of aid flows shows that social infrastructure, education and health accounted for 36.4 per cent of aid flows in 2006, and productive sectors only 4.1 per cent. In addition, emergency assistance and action related to debt, remain high priorities for development partners, at 15.6 and 11.2 per cent respectively.

57. FDI flows to African LDCs increased marginally by 4.5 per cent in 2007 over the previous year. Despite the increase, the levels of FDI were below the record level of 2003. It is worth noting that FDI flows have not been evenly distributed among LDCs. A handful of resource-rich countries account for a substantial share of FDI flows to African LDCs (UNECA, 2008). And within those countries that have mobilized large FDI flows, only a few sectors, notably mining, oil and gas, accounted for the lion’s share of the increase in foreign investment. Thus, the impact of FDI on employment creation and poverty reduction has been limited.

58. Workers’ remittances remain important as a source of finance in African LDCs. The exact magnitude of remittances remains elusive, as most of the flows are private in nature. In 2006 (latest data) the African LDCs in which remittances accounted for more than 10 per cent of their GNI were Cape Verde and the Gambia, which levels of 5-10 per cent for Guinea-Bissau, Senegal, Togo and Uganda (UNCTAD 2008).

59. As with FDI flows the data available demonstrate that remittances are significant in only a small number of African LDCs. The developmental role of remittances is still debatable. Transfers to households to alleviate education and provide income support to families seem to be more common.

Debt relief

60. Debt relief is one of the areas of international development cooperation where progress has been substantial. African LDCs have benefited considerably from debt relief under the Heavily Indebted Poor Countries (HIPC) and Multilateral Debt Relief initiatives adopted by the G-8 Summit at Gleneagles in 2005. A total of 17 eligible African LDCs had reached their HIPC “completion points” by July 2008 and thus qualified for debt relief under the initiative; 7 other countries are between the “decision point” and the completion point”, while 5 LDCs have yet to reach the “decision point”.

61. The debt burden of African LDCs has declined noticeably in the current decade. For example, the total external debt of African LDCs declined from US$112.4 billion in 2005 to US$ 84.0 billion in 2006, before rising to US$ 90.3 billion in 2007. Similarly, debt service ratios for most of the African LDCs have declined during the current decade. For example, Sierra Leone experienced a significant reduction in its debt service from 105 per cent of exports of goods and services in 2001 to 8.9 per cent in 2006. Rwanda’s and Zambia’s debt service ratios declined to 9.7 per cent and 3.7 per cent in 2006 from 24 per cent and 21 per cent in 2001, respectively.
62. Despite progress in debt relief in African LDCs, a number of challenges remain. While LDCs’ debt burden has declined, debt ratios for a number of post-completion point African LDCs are starting to deteriorate. Secondly, a number of African LDCs, most notably Zambia, have recently faced litigation from “vulture funds”. This is undermining progress made under debt relief.

63. Finally, it is important to note that debt sustainability in African LDCs is an important feature that is in relative contradiction with the fiscal obligation to raise revenues to attain the BPoA targets. Policy considerations are conditioned by the external sector of debt rather than the need to build up productive capacities to structurally transform African LDCs.

Lessons from the MDGs

64. The BPoA was adopted soon after the MDGs. In September 2000, the United Nations Millennium Summit endorsed the MDGs the Millennium Declaration, signed by more than 180 countries. The MDGs have travelled far and wide influencing policy discourses throughout the developing world. In addition, the MDGs have been used as targets for funding by the international community, reinforcing the role of the MDGs as a mechanism for monitoring progress towards development goals and the efficient use of aid flows.

65. Although the BPoA is embedded in the MDGs, in particular Goal 8, there has been a lack of harmonization of between the two sets of goals. The BPoA has tended to be eclipsed by the MDGs; resulting in the relative neglect of the Brussels targets. The political consensus garnered around the MDGs at the international, regional and national levels did not have the same impetus as regards the BPoA. This has clearly affected the policy interventions and monitoring and evaluation of the BPoA itself. Many of the LDCs’ country reports have used the MDG framework as a gauge to assess progress towards the BPoA targets, citing national processes and resources dedicated to the former.

66. This dichotomy of processes took a decisive turn in the Global Review of MDGs in 2005. The Outcome Document urged low-income countries to establish MDG-consistent poverty reduction strategies and national development plans to accelerate progress towards the MDGs. The anchoring of the MDGs squarely in the national development strategy did not have an equivalent process in the BPoA. As many as 43 in sub-Saharan Africa have established MDG-consistent plans, leading to some institutional innovations: MDG offices, coordination mechanisms for sectoral and national plans and needs assessments, with nothing similar under the BPoA.

67. The United Nations categorization of LDCs is not used by other international stakeholders. While LDC status denotes severe structural handicaps to growth, and while there are currently other categories like those of low-income countries or fragile States that overlap with LDC status but are not the same, this has significant policy implications. For example, fragile States have a unit in the World Bank and a special group in the Development Assistance Committee. This group overlaps with LDCs, but the difference does lead to uncoordinated efforts by the international community.

The way forward

68. On the evidence in this report, progress by African LDCs in achieving the BPoA targets has been mixed. The evidence does provide enough information to delineate a road map to indicate the way forward.
69. Firstly, data availability is largely inadequate. Better-quality statistics to monitor progress towards internationally agreed targets are vital. The institution of a national monitoring and evaluation mechanism is crucial to inform policy formulation. The establishment of MDG statistical units within national organizations is a case in point, and could be replicated for African LDCs’ plan of action. It is also important that data should be disaggregated to make it possible to evaluate inequity in outcomes and inform policy.

70. Second, the need for more pro-poor inclusive growth in LDCs is critical. The drivers of growth in African LDCs should be manifold and integrated within national economies to positively effect employment creation and poverty reduction.

71. Third, there is an urgent need to prioritize investment in the modernization of agriculture in African LDCs. This will create the conditions, through increases in land yields and agricultural workers’ productivity, for a structural transformation of African LDCs from primary commodity producers to diversified economies. The modernization of agriculture is dependent on increasing the productivity of rural populations.

72. Fourth, the status of human capital in African LDCs has slightly improved on aggregate, particularly in primary education outcomes, but the health status remains rather bleak. The inequitable provision of social services is a contributory factor in the low progress achieved. There is a need to tackle equity considerations in the provision of services ensuring in particular that rural areas and low-income groups and women have access.

73. Fifth, there is an urgent need to accelerate infrastructure development and prioritize the link between centralized supplies of energy, road networks and rural areas and agricultural production.

74. Sixth, while making economic growth and development compatible with stabilizing the climate, ensuring a sustainable economic footprint is dependent on additional resources. African countries’ vulnerability is also determined by the need for ownership of the technical proposals arising and the absorptive capacity of the influx of large funds accruing.

75. Seventh, the role of the international partners in assisting the African LDCs has been rather disappointing, although South-South cooperation through China, India and also Brazil have increased aid flows to African LDCs. In addition, the quality of aid remains a serious impediment to the development of a successor to the BPoA. A renewed-focus on aid that has a clearly defined role in assisting African LDCs to reduce their economic vulnerability is vital.

76. Eighth, it is critical that country ownership of policies should be enhanced. In this context, the production of development knowledge to improve technical capacities and a deeper exploration of theoretical and policy alternatives is underpinned by tertiary education production that is meagre in African LDCs.

Processes

77. Ninth, the BPoA needs to be anchored in a manner similar to the MDGs, and to be consistent with poverty reduction strategies and national development plans.
78. Tenth, in the run-up to the Fourth United Nations Conference on LDCs another consideration that must be taken on board at the international and regional level is that the action plan proposed should be backed by a broad political consensus of all stakeholders. This political consensus should be converted into a framework at the regional, subregional and international levels.

79. Eleventh, the process of the Fourth United Nations Conference on LDCs should be coordinated with the future development of the MDGs after 2015.
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